

WESTWOOD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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Westwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 election)		
Dennis Gallagher	President	2009
Marty Choquette	Vice President	2009
Steve Jewett	Board Member	2008
Roxie Ullrich	Board Member	2008
John Kounas	Board Member	2007
Board of Education		
(After September 2007 election)		
Dennis Gallagher	President	2009
Steve Jewett	Vice President	2008
Marty Choquette	Board Member	2009
Roxie Ullrich	Board Member	2008
Rob Copple	Board Member	2011
School Officials		
Kirk Ahrends	Superintendent	2008
Denise Patterson	District Secretary/Treasurer	2008
Ahlers & Cooney, P.C.	Attorney	2008

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Westwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Westwood Community School District, Sloan, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

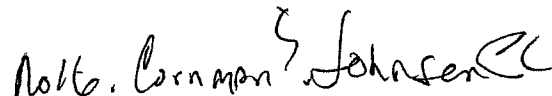
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Westwood Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2009, on our consideration of the Westwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 35 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Westwood Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

March 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Westwood Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,572,725 in fiscal 2007 to \$5,791,658 in fiscal 2008, while General Fund expenditures also increased from \$5,339,659 in fiscal 2007 to \$5,737,323 in fiscal 2008. This resulted in an increase in the District's fund balance from \$687,632 in fiscal 2007 to \$741,967 in fiscal 2008, which was a 7.90% increase from the prior year.
- At the year ended June 30, 2008 the District's solvency ratio is 11.96% as compared to 11.77% for the year ended June 30, 2007.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Westwood Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Westwood Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Westwood Community School District acts solely as an agent or custodian for the benefit of those outside of the School District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Westwood Community School District Annual Financial Report

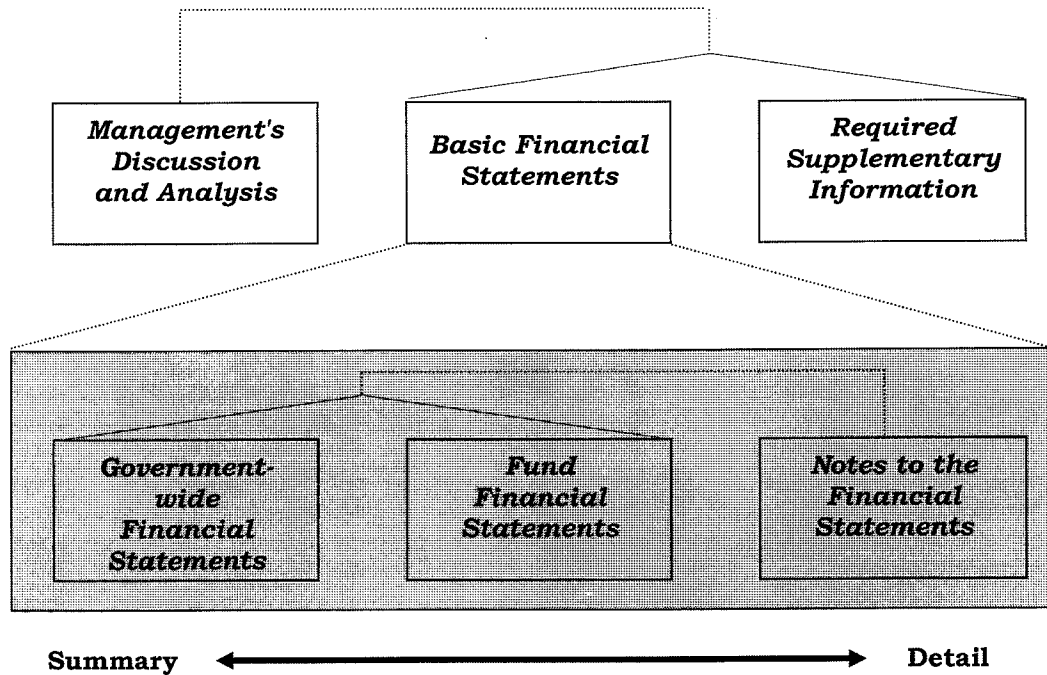


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District established other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. Another example is the Iowa Academic Decathlon.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 5,988,737	5,910,768	35,978	15,106	6,024,715	5,925,874	1.67%
Capital assets	8,134,904	8,275,883	9,100	10,998	8,144,004	8,286,881	-1.72%
Total assets	14,123,641	14,186,651	45,078	26,104	14,168,719	14,212,755	-0.31%
Long-term obligations	1,215,000	1,790,000	0	0	1,215,000	1,790,000	-32.12%
Other liabilities	3,271,675	3,239,815	3,501	0	3,275,176	3,239,815	1.09%
Total liabilities	4,486,675	5,029,815	3,501	0	4,490,176	5,029,815	-10.73%
Net assets:							
Invested in capital assets, net of related debt	6,919,904	6,485,883	9,100	10,998	6,929,004	6,496,881	6.65%
Restricted	1,862,041	1,869,901	0	0	1,862,041	1,869,901	-0.42%
Unrestricted	855,021	801,052	32,477	15,106	887,498	816,158	8.74%
Total net assets	\$ 9,636,966	9,156,836	41,577	26,104	9,678,543	9,182,940	5.40%

The District's combined net assets increased by 5.40%, or \$495,603, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$7,860, or 0.42% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other

legal requirements – increased \$71,340, or 8.74%. This increase in unrestricted net assets was a result of the District's increase in the General Fund balance.

Figure A-4 shows the changes in net assets for the years ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 739,547	660,410	146,147	144,706	885,694	805,116	-10.01%
Operating grants and contributions and restricted interest	734,071	692,412	136,667	134,984	870,738	827,396	5.24%
Capital grants and contributions and restricted interest	3,261	0	0	0	3,261	0	100.00%
General revenues:							
Local tax	3,010,568	2,874,127	0	0	3,010,568	2,874,127	4.75%
Income surtax	182,621	179,309	0	0	182,621	179,309	1.85%
Local option sales and service tax	525,641	480,900	0	0	525,641	480,900	9.30%
Unrestricted state grants	1,998,230	1,969,256	0	0	1,998,230	1,969,256	1.47%
Unrestricted investment earnings	104,777	145,081	382	541	105,159	145,622	-27.79%
Other	46,296	118,176	0	0	46,296	118,176	-60.82%
Transfers	0	(28,742)	0	0	0	(28,742)	100.00%
Total revenues	7,345,012	7,090,929	283,196	280,231	7,628,208	7,371,160	3.49%
Program expenses:							
Governmental activities:							
Instruction	4,147,718	3,863,290	0	0	4,147,718	3,863,290	7.36%
Support services	1,955,491	1,890,843	0	0	1,955,491	1,890,843	3.42%
Non-instructional programs	4,846	824	267,723	283,956	272,569	284,780	-4.29%
Other expenses	756,827	767,946	0	0	756,827	767,946	-1.45%
Total expenses	6,864,882	6,522,903	267,723	283,956	7,132,605	6,806,859	4.79%
Change in net assets	480,130	568,026	15,473	(3,725)	495,603	564,301	-12.17%
Beginning net assets	9,156,836	8,588,810	26,104	29,829	9,182,940	8,618,639	6.55%
Ending net assets	\$ 9,636,966	9,156,836	41,577	26,104	9,678,543	9,182,940	5.40%

Local tax, income surtax, local option sales and service tax and unrestricted state grants account for 77.84% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.87% of the revenue from business type activities.

The District's total revenues were approximately \$7.63 million of which \$7.35 million was for governmental activities and approximately \$0.28 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 3.49% increase in revenues and a 4.79% increase in expenses. The increase in revenues can be mainly attributed to the increase in local option sales tax money received by the District. The increases in expenses related to increases in the negotiated salary and benefits.

Governmental Activities

Total revenues for all of the Districts' governmental activities were \$7,345,012 and expenses were \$6,864,882.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 4,147,718	3,863,290	7.36%	2,885,639	2,714,523	6.30%
Support services	1,955,491	1,890,843	3.42%	1,952,190	1,890,125	3.28%
Non-instructional	4,846	824	488.11%	4,846	824	488.11%
Other expenses	756,827	767,946	-1.45%	545,328	564,609	-3.41%
Totals	<u>\$ 6,864,882</u>	<u>6,522,903</u>	<u>5.24%</u>	<u>5,388,003</u>	<u>5,170,081</u>	<u>4.22%</u>

- The cost financed by users of the District's programs was \$739,547.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$737,332.
- The net cost of governmental activities was financed with \$3,010,568 in local tax, \$182,621 in income surtax, \$525,641 in local option sales and services tax, \$1,998,230 in unrestricted state grants, \$104,777 in interest income.

Business-Type Activities

Revenues for business type activities were \$283,196 and expenses were \$267,723. The District's only business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Westwood Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$2,554,656, an increase of \$28,794 from last years ending fund balances of \$2,525,862.

Governmental Fund Highlights

- The increase in General Fund revenues was attributable to increases in local, state and federal source revenues during fiscal 2008.
- The Management Levy Fund expenditures were \$197,888 and the revenues were \$245,794 which improved the fund balance from \$138,600 to \$186,506 due to revenues exceeding expenditures during the year.
- The Capital Projects Fund decreased from \$974,279 to \$868,003 due to normal transactions in this fund for the year.

- The Debt Service Fund increased from \$672,796 to \$685,805 due to revenues exceeding expenditures for fiscal 2008.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$26,104 in fiscal 2007 to \$41,577 in fiscal 2008, representing an increase of 59.27%. This increase was attributable to decreases in program expenditures during the year.

BUDGETARY HIGHLIGHTS

The District's receipts were \$568,566 less than budgeted receipts, a variance of 6.95%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$8,144,004, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for year was \$324,053.

The original cost of the District's capital assets was \$12.89 million. Governmental funds account for \$12.74 million, with the remainder of \$0.15 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 76,000	76,000	0	0	76,000	76,000	0.00%
Buildings	7,550,089	7,764,077	0	0	7,550,089	7,764,077	-2.76%
Land improvements	182,738	155,479	0	0	182,738	155,479	17.53%
Machinery and equipment	326,077	280,327	9,100	10,998	335,177	291,325	15.05%
Total	\$ 8,134,904	8,275,883	9,100	10,998	8,144,004	8,286,881	-1.72%

Long-Term Debt

At June 30, 2008, the District had \$1,215,000 in revenue bond and capital loan notes outstanding. This represents a decrease of 32.12% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had total outstanding revenue bonds payable of \$330,000 at June 30, 2008.

The District had total outstanding capital loan notes payable of \$885,000 at June 30, 2008.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
Revenue Bonds	\$ 330,000	635,000	-48.0%
Capital Loan Notes	885,000	1,155,000	-23.4%
Totals	\$ 1,215,000	1,790,000	-32.12%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The voters of Monona County passed a 10 year extension of the 1% local option sales and service tax on September 25, 2007. This extends the local option sales and service tax until November 30, 2019, which will allow the continued upgrading of District facilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jill Sponder, Business Manager, Westwood Community School District, 1000 Rebel Way, Sloan, Iowa, 51055.

BASIC FINANCIAL STATEMENTS

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,519,281	17,317	2,536,598
Receivables:			
Property tax:			
Delinquent	21,862	0	21,862
Succeeding year	3,091,222	0	3,091,222
Income surtax	171,414	0	171,414
Accounts	2,073	6,085	8,158
Due from other governments	182,885	28	182,913
Inventories	0	12,548	12,548
Capital assets, net of accumulated depreciation(Note 4)	8,134,904	9,100	8,144,004
TOTAL ASSETS	14,123,641	45,078	14,168,719
LIABILITIES			
Accounts payable	52,710	447	53,157
Salaries and benefits payable	118,735	0	118,735
Accrued interest payable	9,008	0	9,008
Deferred revenue:			
Succeeding year property tax	3,091,222	0	3,091,222
Unearned revenue	0	3,054	3,054
Long-term liabilities(Note 5):			
Portion due within one year:			
Revenue bonds	320,000	0	320,000
Capital loan notes	280,000	0	280,000
Portion due after one year:			
Revenue bonds	10,000	0	10,000
Capital loan notes	605,000	0	605,000
TOTAL LIABILITIES	4,486,675	3,501	4,490,176
NET ASSETS			
Invested in capital assets, net of related debt	6,919,904	9,100	6,929,004
Restricted for:			
Talented and gifted	566	0	566
Salary improvement program	40	0	40
Professional development	18,747	0	18,747
Market factor	2,271	0	2,271
Market factor incentives	4,586		
Phase I	17,168	0	17,168
Phase II	5,974	0	5,974
Management levy	186,506	0	186,506
Physical plant and equipment levy	6,342	0	6,342
Capital projects	868,003	0	868,003
Debt service	685,805	0	685,805
Other special revenue purposes	66,033	0	66,033
Unrestricted	855,021	32,477	892,084
TOTAL NET ASSETS	\$ 9,636,966	41,577	9,678,543

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business- Type Activities	
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 2,533,774	325,795	494,038	0	(1,713,941)	0	(1,713,941)
Special instruction	803,722	118,564	30,450	0	(654,708)	0	(654,708)
Other instruction	810,222	293,232	0	0	(516,990)	0	(516,990)
	4,147,718	737,591	524,488	0	(2,885,639)	0	(2,885,639)
Support services:							
Student services	166,320	0	0	0	(166,320)	0	(166,320)
Instructional staff services	177,049	0	0	0	(177,049)	0	(177,049)
Administration services	690,337	0	0	0	(690,337)	0	(690,337)
Operation and maintenance of plant services	404,890	0	0	0	(404,890)	0	(404,890)
Transportation services	516,895	1,956	1,345	0	(513,594)	0	(513,594)
	1,955,491	1,956	1,345	0	(1,952,190)	0	(1,952,190)
Non-instructional programs:							
Food service operations	4,846	0	0	0	(4,846)		(4,846)
Other expenditures:							
Facilities acquisitions	250,013	0	0	3,261	(246,752)	0	(246,752)
Long-term debt interest	68,005	0	0	0	(68,005)	0	(68,005)
AEA flowthrough	208,238	0	208,238	0	0	0	0
Depreciation(unallocated)*	230,571	0	0	0	(230,571)	0	(230,571)
	756,827	0	208,238	3,261	(545,328)	0	(545,328)
Total governmental activities	6,864,882	739,547	734,071	3,261	(5,388,003)	0	(5,388,003)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	267,723	146,147	136,667	0	0	15,091	15,091
Total business-type activities	267,723	146,147	136,667	0	0	15,091	15,091
Total	\$ 7,132,605	885,694	870,738	3,261	(5,388,003)	15,091	(5,372,912)
General Revenues							
Local tax for:							
General purposes				\$ 2,619,654	0		2,619,654
Capital outlay				390,914	0		390,914
Income surtax				182,621	0		182,621
Local option sales and services				525,641	0		525,641
Unrestricted state grants				1,998,230	0		1,998,230
Unrestricted investment earnings				104,777	382		105,159
Other general revenues				44,719	0		44,719
Sale of equipment				1,577	0		1,577
Total general revenues				5,868,133	382		5,868,515
Change in net assets				480,130	15,473		495,603
Net assets beginning of year				9,156,836	26,104		9,182,940
Net assets end of year				\$ 9,636,966	41,577		9,678,543

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Manage- ment Levy	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
ASSETS						
Cash and pooled investments	\$ 677,105	284,842	800,158	685,805	71,371	2,519,281
Receivables:						
Property tax:						
Delinquent	17,359	1,664	0	0	2,839	21,862
Succeeding year	2,449,150	245,000	0	0	397,072	3,091,222
Income surtax	171,414	0	0	0	0	171,414
Accounts	1,526	0	0	0	547	2,073
Due from other governments	110,533	0	72,352	0	0	182,885
TOTAL ASSETS	\$ 3,427,087	531,506	872,510	685,805	471,829	5,988,737
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 45,821	0	4,507	0	2,382	52,710
Salaries and benefits payable	18,735	100,000	0	0	0	118,735
Deferred revenue:						
Succeeding year property tax	2,449,150	245,000	0	0	397,072	3,091,222
Income surtax	171,414	0	0	0	0	171,414
Total liabilities	2,685,120	345,000	4,507	0	399,454	3,434,081
Fund balances:						
Reserved for:						
Debt service	0	0	0	685,805	0	685,805
Talented and gifted	566	0	0	0	0	566
Salary improvement program	40	0	0	0	0	40
Professional development	18,747	0	0	0	0	18,747
Market factor	2,271	0	0	0	0	2,271
Market factor incentives	4,586	0	0	0	0	4,586
Phase I	17,168	0	0	0	0	17,168
Phase II	5,974	0	0	0	0	5,974
Unreserved:						
Undesignated	692,615	186,506	868,003	0	72,375	1,819,499
Total fund balances	741,967	186,506	868,003	685,805	72,375	2,554,656
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,427,087	531,506	872,510	685,805	471,829	5,988,737

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 15) \$ 2,554,656

*Amounts reported for governmental activities in the
 statement of net assets are different because:*

Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported as
 assets in the governmental funds. 8,134,904

Accrued interest payable on long-term liabilities is not due
 and payable in the current period and, therefore, is not
 reported as a liability in the governmental funds. (9,008)

Accounts receivable income surtax, are not yet available
 to finance expenditures of the current fiscal period. 171,414

Long-term liabilities, including bonds payable and capital
 loan notes are not due and payable in the current period
 and, therefore, are not reported in the funds. (1,215,000)

Net assets of governmental activities (page 13) \$ 9,636,966

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Management Levy	Capital Projects	Debt Service	Nonmajor Special Revenue	Total
REVENUES:						
Local sources:						
Local tax	\$ 2,560,001	229,154	525,641	0	390,914	3,705,710
Tuition	393,580	0	0	0	0	393,580
Other	104,531	16,517	36,314	21,473	316,628	495,463
State sources	2,563,637	123	3,261	0	209	2,567,230
Federal sources	168,332	0	0	0	0	168,332
Total revenues	5,790,081	245,794	565,216	21,473	707,751	7,330,315
EXPENDITURES:						
Current:						
Instruction:						
Regular instruction	2,463,403	73,409	0	0	0	2,536,812
Special instruction	803,722	0	0	0	0	803,722
Other instruction	524,804	0	0	0	285,418	810,222
	3,791,929	73,409	0	0	285,418	4,150,756
Support services:						
Student services	165,218	1,102	0	0	0	166,320
Instructional staff services	148,211	679	28,159	0	0	177,049
Administration services	616,115	70,951	27	3,155	89	690,337
Operation and maintenance of plant services	392,498	27,692	0	0	0	420,190
Transportation services	415,114	19,209	27,225	0	82,759	544,307
	1,737,156	119,633	55,411	3,155	82,848	1,998,203
Non-instructional programs:						
Food service operations	0	4,846	0	0	0	4,846
Other expenditures:						
Facilities acquisitions	0	0	293,855	0	0	293,855
Long-term debt:						
Principal	0	0	0	575,000	0	575,000
Interest and fiscal charges	0	0	0	72,200	0	72,200
AEA flowthrough	208,238	0	0	0	0	208,238
	208,238	0	293,855	647,200	0	1,149,293
Total expenditures	5,737,323	197,888	349,266	650,355	368,266	7,303,098
Excess(deficiency) of revenues over(under) expenditures	52,758	47,906	215,950	(628,882)	339,485	27,217
Other financing sources(uses):						
Sale of equipment	1,577	0	0	0	0	1,577
Transfers in	0	0	6,936	648,827	0	655,763
Transfers out	0	0	(329,162)	(6,936)	(319,665)	(655,763)
Total other financing sources(uses)	1,577	0	(322,226)	641,891	(319,665)	1,577
Net change in fund balances	54,335	47,906	(106,276)	13,009	19,820	28,794
Fund balance beginning of year	687,632	138,600	974,279	672,796	52,555	2,525,862
Fund balance end of year	\$ 741,967	186,506	868,003	685,805	72,375	2,554,656

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17) \$ 28,794

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 181,176	
Depreciation expense	(322,155)	(140,979)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments were as follows:

Repaid	575,000
--------	---------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

4,195

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

13,120

Changes in net assets of governmental activities (page 14)

\$ 480,130

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and pooled investments	\$ 17,317
Accounts receivable	6,085
Due from other governments	28
Inventories	12,548
Capital assets, net of accumulated depreciation (Note 4)	9,100
TOTAL ASSETS	<u>45,078</u>
LIABILITIES	
Accounts payable	447
Unearned revenue	3,054
TOTAL LIABILITIES	<u>3,501</u>
NET ASSETS	
Invested in capital assets	9,100
Unrestricted	32,477
TOTAL NET ASSETS	<u><u>\$ 41,577</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 146,147
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	92,761
Benefits	34,581
Services	1,873
Supplies	136,610
Depreciation	1,898
TOTAL OPERATING EXPENSES	<u>267,723</u>
OPERATING LOSS	<u>(121,576)</u>
NON-OPERATING REVENUES:	
State sources	3,939
Federal sources	132,728
Interest on investments	382
TOTAL NON-OPERATING REVENUES	<u>137,049</u>
Change in net assets	15,473
Net assets beginning of year	<u>26,104</u>
Net assets end of year	<u>\$ 41,577</u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

Exhibit I

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 140,700
Cash received from miscellaneous operating activities	4,629
Cash payments to employees for services	(127,342)
Cash payments to suppliers for goods or services	(114,739)
Net cash used in operating activities	<u>(96,752)</u>
Cash flows from non-capital financing activities:	
State grants received	3,939
Federal grants received	108,878
Net cash provided by non-capital financing activities	<u>112,817</u>
Cash flows from investing activities:	
Interest on investments	<u>382</u>
Net increase in cash and cash equivalents	16,447
Cash and cash equivalents at beginning of year	<u>870</u>
Cash and cash equivalents at end of year	<u>\$ 17,317</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (121,576)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	23,822
Depreciation	1,898
Increase in inventories	(525)
Increase in accounts receivable	(3,872)
Increase in accounts payable	447
Increase in unearned revenue	3,054
Net cash used in operating activities	<u>\$ (96,752)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u>\$ 17,317</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2008, the District received
Federal commodities valued at \$23,822.

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private Purpose Trust Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 29,373	2,572
LIABILITIES		
Due to other groups	0	2,572
NET ASSETS		
Reserved for scholarships	\$ 29,373	0

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest	<u>\$ 1,211</u>
Deductions:	
Non-instructional programs:	
Scholarships awarded	<u> 950</u>
Change in net assets	261
Net assets beginning of year	<u>29,112</u>
Net assets end of year	<u><u>\$ 29,373</u></u>

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The Westwood Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Sloan, Smithland, Hornick, Holly Springs, and Salix, Iowa, and the predominate agricultural territory in Woodbury and Monona Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Westwood Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Westwood Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Woodbury and Monona Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Management Levy Fund is utilized to account for property insurance expense and early retirement benefits.

The District reports the following proprietary fund:

The District's proprietary funds are the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focus's on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement

grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the

District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Long-term Liabilities - In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	<u>\$ 821,531</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

The District's investments are categorized to give an indication of the level of risk assumed by the district at year end. The Certificates of Deposit are classified as Category 1, which means the investments are insured and held by the District in the District's name. Certificates of deposit are stated at fair value.

At June 30, 2008, the District had investments in Certificates of Deposit maturing in over one year as follows:

	<u>Fair Value</u>
Certificates of Deposit	<u>\$ 17,328</u>

(3) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	Debt Service	\$ 6,936
Debt Service	Special Revenue, Physical Plant and Equipment Levy	319,665
Debt Service	Capital Projects	<u>329,162</u>
Total		<u>\$ 655,763</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 76,000	0	0	76,000
Total capital assets not being depreciated	76,000	0	0	76,000
Capital assets being depreciated:				
Buildings	10,699,408	0	0	10,699,408
Land improvements	728,328	43,842	0	772,170
Machinery and equipment	1,084,680	137,334	31,865	1,190,149
Total capital assets being depreciated	12,512,416	181,176	31,865	12,661,727
Less accumulated depreciation for:				
Buildings	2,935,331	213,988	0	3,149,319
Land improvements	572,849	16,583	0	589,432
Machinery and equipment	804,353	91,584	31,865	864,072
Total accumulated depreciation	4,312,533	322,155	31,865	4,602,823
Total capital assets being depreciated, net	8,199,883	(140,979)	0	8,058,904
Governmental activities capital assets, net	\$ 8,275,883	(140,979)	0	8,134,904
Business-type activities:				
Machinery and equipment	\$ 150,380	0	0	150,380
Less accumulated depreciation	139,382	1,898	0	141,280
Business-type activities capital assets, net	\$ 10,998	(1,898)	0	9,100

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 5,712
Support services:	
Operation and maintenance of plant	3,300
Transportation	82,572
	91,584
Unallocated depreciation	230,571
Total governmental activities depreciation expense	\$ 322,155
Business-type activities:	
Food services	\$ 1,898

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Revenue Bonds	\$ 635,000	0	305,000	330,000	320,000
Capital Loan Notes	1,155,000	0	270,000	885,000	280,000
Total	\$ 1,790,000	0	575,000	1,215,000	600,000

Revenue Bonds

Details of the District's June 30, 2008 revenue bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Issue dated November 1, 2002		
		Principal	Interest	Total
2009	4.25 %	\$ 320,000	8,000	328,000
2010	4.45	10,000	240	10,240
Total		\$ 330,000	8,240	338,240

The District has pledged future local option sales and services tax revenues to repay the \$1,960,000 bonds issued in November 2002. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2010. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds required 62.31% of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$338,240. For the current year, principal and interest paid on the bonds was \$327,535 and local option sales and services tax revenues were \$525,641.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$196,000 or 10% of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.

- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

Capital Loan Notes

The District issued \$2,590,000 in capital loan notes on May 1, 2002 for capital improvements. The notes will be repaid by the Special Revenue, Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2008 capital loan notes indebtedness is as follows:

Year Ending June 30,	Issue dated May 1, 2002				
	Interest Rates		Principal	Interest	Total
2009	4.25	% \$	280,000	38,528	318,528
2010	4.35		295,000	26,628	321,628
2011	4.45		310,000	13,796	323,796
Total		\$	885,000	78,952	963,952

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$221,338, \$195,324 and \$188,473, respectively, equal to the required contributions for each year.

(7) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, dental, vision and prescription drugs. District contributions to ISEBA for the year ended June 30, 2008 were \$381,137.

Westwood Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$208,238 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 4,594,753	146,529	4,741,282	5,065,842	5,065,842	(324,560)
State sources	2,567,230	3,939	2,571,169	2,808,235	2,808,235	(237,066)
Federal sources	168,332	132,728	301,060	308,000	308,000	(6,940)
Total revenues	7,330,315	283,196	7,613,511	8,182,077	8,182,077	(568,566)
Expenditures:						
Instruction	4,150,756	0	4,150,756	5,265,719	5,265,719	1,114,963
Support services	1,998,203	0	1,998,203	2,192,639	2,192,639	194,436
Non-instructional programs	4,846	267,723	272,569	418,455	418,455	145,886
Other expenditures	1,149,293	0	1,149,293	2,611,538	2,611,538	1,462,245
Total expenditures	7,303,098	267,723	7,570,821	10,488,351	10,488,351	2,917,530
Excess(deficiency) of revenues over(under) expenditures	27,217	15,473	42,690	(2,306,274)	(2,306,274)	2,348,964
Other financing sources(uses), net	1,577	0	1,577	5,000	5,000	(3,423)
Excess(deficiency) of revenues and other financing sources(uses) over(under) expenditures	28,794	15,473	44,267	(2,301,274)	(2,301,274)	2,345,541
Balance beginning of year	2,525,862	26,104	2,551,966	2,941,125	2,941,125	(389,159)
Balance end of year	\$ 2,554,656	41,577	2,596,233	639,851	639,851	1,956,382

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

OTHER SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Student Activity	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and pooled investments	\$ 67,868	3,503	71,371
Receivables:			
Property tax:			
Current year delinquent	0	2,839	2,839
Succeeding year	0	397,072	397,072
Accounts	547	0	547
TOTAL ASSETS	\$ 68,415	403,414	471,829
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,382	0	2,382
Deferred revenue:			
Succeeding year property tax	0	397,072	397,072
Total liabilities	2,382	397,072	399,454
Unreserved fund balances	66,033	6,342	72,375
TOTAL LIABILITIES AND FUND BALANCES	\$ 68,415	403,414	471,829

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2008

	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES:			
Local sources:			
Local tax	\$ 0	390,914	390,914
Other	313,827	2,801	316,628
State sources	0	209	209
TOTAL REVENUES	313,827	393,924	707,751
EXPENDITURES:			
Current:			
Instruction:			
Other instruction	285,418	0	285,418
Support services:			
Administration services	89	0	89
Student transportation	0	82,759	82,759
TOTAL EXPENDITURES	285,507	82,759	368,266
EXCESS OF REVENUES OVER EXPENDITURES	28,320	311,165	339,485
OTHER FINANCING USES:			
Transfers out	0	(319,665)	(319,665)
NET CHANGE IN FUND BALANCES	28,320	(8,500)	19,820
FUND BALANCE BEGINNING OF YEAR	37,713	14,842	52,555
FUND BALANCE END OF YEAR	\$ 66,033	6,342	72,375

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Miscellaneous Student Activity	\$ 0	2,554	1,577	977
Concession Stand	0	24,329	23,127	1,202
Elementary Band	0	859	1,209	(350)
Elem. Student Affairs	1,314	4,780	4,510	1,584
Elem. Student Council	1,375	0	88	1,287
JH Student Council	420	0	0	420
Plays	1,232	0	268	964
Musical	14	4,183	3,700	497
Madrigal	787	0	0	787
Music Boosters	3,557	4,954	7,870	641
Vocal Music	0	18,863	18,462	401
Rebelaires	0	8,631	6,911	1,720
Show Choir Invitational	1,565	46,885	47,115	1,335
Instrumental Music	2,630	14,833	6,175	11,288
Cross Country	58	1,095	1,153	0
Boy's Basketball	654	6,051	4,974	1,731
Football	935	8,413	8,698	650
Baseball	0	12,537	12,085	452
Boy's Track	0	5,078	3,079	1,999
Boy's Golf	436	15	523	(72)
Wrestling	1,223	1,054	2,090	187
Girl's Basketball	0	6,103	5,103	1,000
Volleyball	502	4,034	3,989	547
Girl's Soccer	(100)	100	0	0
Softball	0	8,024	7,828	196
Girl's Track	157	5,445	3,602	2,000
Girl's Golf	54	0	0	54
Industrial Tech. Club	0	716	716	0
Student Affairs	1,991	5,269	4,590	2,670
Annual	0	7,995	4,475	3,520
National Honor Society	189	2,770	2,934	25
Quiz Bowl	513	231	515	229
Future Problem Solving	913	461	324	1,050
Weight Room	16	0	0	16
FFA	857	19,420	17,608	2,669
FFA Trust	2,779	92	0	2,871
Media Club	0	85	0	85
Athletic Boosters	11,014	29,132	28,444	11,702
Season Passes	100	8,759	8,859	0
Class of 2008	221	1,074	561	734
Class of 2009	0	7,730	5,377	2,353
HS Student Council	(625)	6,076	5,241	210
Cheerleaders	0	2,549	2,417	132
Basketball Cheerleaders	780	5,003	4,914	869
Wrestling Cheerleading	334	1,256	1,556	34
Drill Team	(1,530)	14,571	11,375	1,666
After Prom Party	3,348	11,818	11,465	3,701
Total	\$ 37,713	313,827	285,507	66,033

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2008

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 3,398	131,548	132,374	2,572
LIABILITIES				
Due to other groups	\$ 3,398	131,548	132,374	2,572

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

		Modified Accrual Basis				
		Years Ended June 30,				
		2008	2007	2006	2005	2004
Revenues:						
Local sources:						
Local tax	\$	3,705,710	3,526,683	3,578,906	3,852,725	3,694,553
Tuition		393,580	364,395	340,776	247,314	303,419
Other		495,463	594,561	493,369	387,476	454,843
State sources		2,567,230	2,465,643	2,437,384	2,220,110	2,235,401
Federal sources		168,332	160,736	146,837	148,300	173,376
Total	\$	7,330,315	7,112,018	6,997,272	6,855,925	6,861,592
Expenditures:						
Instruction:						
Regular instruction	\$	2,536,812	2,452,479	2,400,031	2,254,595	2,299,687
Special instruction		803,722	696,062	767,795	717,390	795,993
Other instruction		810,222	713,209	694,697	681,518	539,839
Support services:						
Student services		166,320	153,284	145,840	144,734	137,146
Instructional staff services		177,049	172,518	193,769	123,536	97,427
Administration services		690,337	682,910	598,678	580,160	570,496
Operation and maintenance of plant services		420,190	397,535	354,575	368,832	355,605
Transportation services		544,307	493,383	489,195	436,236	454,468
Non-instructional programs		4,846	824	757	737	704
Other expenditures:						
Facilities acquisitions		293,855	230,744	208,371	96,863	145,996
Long-term debt:						
Principal		575,000	550,000	845,000	1,015,000	965,000
Interest and other charges		72,200	97,233	132,265	178,252	218,792
AEA flow-through		208,238	203,337	190,338	189,051	193,525
Total	\$	7,303,098	6,843,518	7,021,311	6,786,904	6,774,678

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Westwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Westwood Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 17, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Westwood Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Westwood Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Westwood Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Westwood Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Westwood Community School District's financial statements that is more than inconsequential will not be prevented or detected by Westwood Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Westwood Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westwood Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Westwood Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Westwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Westwood Community School District and other parties to whom Westwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Westwood Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 17, 2009

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

I-B-08 Supporting Documents for Payments with Credit Cards - Payments made with credit cards do not always have detailed supporting documentation.

Recommendation - The District has a policy in place for credit card usage, which states that the users of the credit cards need to provide detailed receipts for purchases made. The District should review procedures in place with personnel using the district credit cards to ensure the proper detailed documentation will be available with paid credit card statements.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting:

II-A-08 Certified Budget - District disbursements for the year ended June 30, 2008 did not exceed the certified budget amounts.

II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions - Business transactions between the District and District officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Steve Jewett, Board Member Owns Sloane Glass	Repairs	\$64

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the Board Member do not appear to be a conflict of interest.

II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-J-08 Deficit Balances - Two individual accounts within the Student Activity Fund had deficit balances totaling \$422 at June 30, 2008.

Recommendation - The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts. The District should investigate alternatives to eliminate these deficit balances.

Response - Account balances will be reviewed on a regular basis to eliminate deficits in the Student Activity Fund.

Conclusion - Response accepted.